

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0820-03
Bill No.: HCS for HB 212
Subject: Education, Proprietary; Fees
Type: # Corrected
Date: April 7, 2011
To correct offsetting income and cost reference for FY 13 and FY 14 on Proprietary School Certification Fund

Bill Summary: This proposal changes the laws regarding the annual certification fee that a proprietary school must pay and the approval of new or revised instructional programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$0	\$0*	\$0
Total Estimated Net Effect on General Revenue Fund	\$0	\$0*	\$0

*Offsetting Savings and Loss for FY 13 is Unknown - Over \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Proprietary School Certification Fund	\$0	# \$0*	# \$0*
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	# \$0*	# \$0*

*Offsetting Income and Cost in FY 13 and FY 14 is Unknown - Over \$100,000

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Treasurer** state there will be no fiscal impact on their agency.

Officials from the **Office of State Courts Administrator** state this proposal will have no fiscal impact on the Courts.

Officials from the **Office of Prosecution Services (OPS)** state there will be no fiscal impact to OPS.

Officials from the **Department of Higher Education** assume there would be no direct, foreseeable fiscal impact on their agency.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

According to officials from the **Joint Committee on Administrative Rules (JCAR)**, this proposal should not create any additional fiscal impact above current appropriations to JCAR.

Officials from the **Office of Attorney General (AGO)** assume that any potential costs arising from this proposal can be absorbed with existing resources. If there is a significant increase in the number of referrals, the AGO would need to request additional staff to handle the increase in workload.

ASSUMPTION (continued)

Officials from the **Department of Corrections (DOC)** state that, currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Parole (FY10 average of \$3.92 per offender, per day or an annual cost of \$1,431 per offender).

In summary, supervision by the DOC through probation would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Oversight notes that current statute states that all fees received from proprietary schools shall be deposited in the state treasury to the credit of General Revenue. The proposed legislation would require all revenue received by the coordinating board from certification and late fees to be deposited to a newly created Proprietary School Certification Fund as of July 1, 2012. **Oversight** assumes there will be a loss to General Revenue as a result of this proposal in FY 13 that will be offset with savings since the proprietary school administration would no longer be a budget item.

The average annual revenue generated by the collection of certification fees for the last three years is \$146,455. The budget request for FY 12 is \$137,701, with the Governor's recommendation of \$137,433. Oversight assumes the current certification fee structure is sufficient to cover the costs associated with the operation of the proprietary school certification program. **Oversight** assumes, based on historical fee income and operation expenses, the fee structure for proprietary schools should not change significantly and for fiscal note purposes only, will show no fiscal impact to the proprietary schools.

FISCAL IMPACT - State Government

FY 2012

FY 2013

FY 2014

GENERAL REVENUE

Savings - Department of Higher
 Education - Proprietary schools
 administration

\$0 Unknown -
 Over \$100,000 \$0

Loss - Coordinating Board for Higher
 Education - Fee income from proprietary
 schools

\$0 (Unknown -
 Over \$100,000) \$0

**ESTIMATED NET EFFECT ON
 GENERAL REVENUE**

\$0 \$0 \$0

**PROPRIETARY SCHOOL
 CERTIFICATION FUND**

Income - Proprietary Schools -
 Certification fee income

\$0 Unknown - Unknown -
 Over \$100,000 Over \$100,000

Cost - Department of Higher Education -
 Program expenses

\$0 (Unknown - (Unknown -
 Over \$100,000) Over \$100,000)

**ESTIMATED NET EFFECT ON
 PROPRIETARY SCHOOL
 CERTIFICATION FUND**

\$0 \$0 \$0

FISCAL IMPACT - Local Government

FY 2012

FY 2013

FY 2014

\$0 \$0 \$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

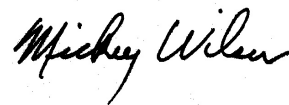
FISCAL DESCRIPTION

Currently, the annual fee for certification of a proprietary school is a percentage of the school's net tuition and fees income, with a minimum and maximum amount per school. Beginning July 1, 2012, this proposal requires the Coordinating Board for Higher Education within the Department of Higher Education to establish fees to cover all of the costs associated with the operation of the Proprietary School Certification Program with the advice of the Proprietary School Advisory Committee. The board may also assess a reasonable late fee for a school not completing its renewal on time. The Proprietary School Certification Fund is created for the deposit of the certification and late fees.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Corrections
Department of Higher Education
Office of State Courts Administrator
Office of Attorney General
Office of Prosecution Services
Office of Secretary of State
Administrative Rules Division
Joint Committee on Administrative Rules
Office of State Treasurer



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